Executive summary

International Trade Outlook for Latin America and the Caribbean 2025

International trade in a new era of weaponized interdependence

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International Trade Outlook for Latin America and the Caribbean is an annual report prepared by the International Trade and Integration Division of the Economic Commission for Latin America and the Caribbean (ECLAC).

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Explanatory notes:

- Three dots indicate that data are missing, are not available or are not separately reported.
- A dash indicates that the amount is nil or negligible.
- A full stop is used to indicate decimals.
- The word "dollars" refers to United States dollars, unless otherwise specified.
- A slash between years (e.g. 2023/2024) indicates a 12-month period falling between the two years.
- Individual figures and percentages in graphs and tables may not always add up to the corresponding total because of rounding.

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Presentation and Executive summary

Presentation

The 2025 edition of the *International Trade Outlook for Latin America and the Caribbean* has three chapters. Chapter I examines recent developments in global and regional trade, the dynamics of which have been heavily influenced by changes in United States trade policy and, in particular, by tariff increases since February 2025. The impact of these changes in United States trade policy on global trade dynamics has been less pronounced that initially expected, largely because of the frontloading of imports and build-up of inventories by United States companies in the first quarter and the significant growth in intraregional trade in Asia. However, the outlook for global trade in goods for 2026 is less promising. At the same time, growth in regional goods exports is projected to outpace the global average in 2025, driven by increases in manufacture shipments to the United States and commodities exports to China. Although regional trade in services continues to slow, it is expected to outpace goods exports again in 2025.

Chapter II addresses trade relations between Latin America and the Caribbean and the United States and how this has been affected by the significant shift in that country's trade policy. The United States remains the region's main trading partner and a major destination for its manufacturing exports, despite the fall in the United States share of the region's foreign trade in the last two decades. The about-turn in United States trade policy in 2025 has transformed the terms under which trade relations were traditionally conducted between the region and that country. Although in general, exports from the region to the United States are subject to lower tariffs than those imposed on most of its main competitors, this could change depending on trade balance trends or even factors beyond economics. In this complex situation, the governments of the region should diversify trade relations and strengthen regional integration.

Chapter III presents an analysis of the technology intensity and the level of advanced human capital intensity in goods and services exports from Latin America and the Caribbean. The share of high-technology goods and human capital-intensive services in international trade has grown in the last two decades. However, the region's share in global exports of both categories is small. This reflects embryonic productive and technological capabilities, as well as gaps in the formation of highly-skilled human capital. In the region, Mexico is the leading exporter of high-technology manufactures, while Brazil accounts for the largest share of regional exports of modern services. Against the current backdrop of redefined globalization and reconfigured value chains, in which competition for control of strategic technologies plays a central role, there are opportunities for the region to reposition itself in global trade in knowledge-intensive sectors. A dual strategy is therefore needed: first, productive policies and factors of production that increase the region's share of exports of advanced goods and services must be promoted; and second, the technical, operational, political and prospective (TOPP) capabilities of institutions must be strengthened in order to design, coordinate and sustain these policies.

Executive summary

A. Global and regional trade continue to grow in 2025, but the outlook worsens for 2026

The dynamics of global trade in goods have been heavily influenced in 2025 by changes in United States trade policy. The current administration has implemented successive tariff increases affecting all the country's trading partners. Consequently, the country's average effective tariff rose from 2.4% in 2024 to 17.4% in September 2025, the highest level since 1935. According to United States authorities, the aim of the tariff hikes is twofold: to reduce the widening goods trade deficit and to restore the competitiveness that the country has lost in various manufacturing industry sectors. These changes represent a break with the rules of the multilateral trading system and with most of the trade agreements negotiated by the United States since the 1980s. Instead, unilateralism has taken precedence, coupled with bilateral negotiations in which the United States leverages power asymmetries with its partners. This sea change is occurring against the backdrop of a new phase in the global economy, described as one of "weaponized interdependence". This concept refers to the use of economic instruments to achieve geopolitical objectives through intervention in trade, investment and financial flows, and access to technology.

The impact of these changes in United States trade policy on global trade dynamics in 2025 has been less pronounced than projected following the first announcement of tariff hikes in April. In the first seven months of the year, the volume of global trade in goods expanded by 5% compared with the year-earlier period —more than double the average annual growth rate recorded between 2011 and 2024 (2.1%). This growth is attributable to two main factors. First, United States tariffs tended to level off below the initially announced rates, and most of its trading partners have refrained from raising their tariffs in response. Second, United States companies frontloaded their imports and built up inventories before the new tariffs took effect, particularly during the first quarter of 2025. As the short-term lift provided by this stimulus has tapered off since April, projected growth in the volume of global goods trade for 2025 stands at 2.4%.

For 2026, the World Trade Organization (WTO) estimates that global trade in goods will expand by only 0.5%, as —unlike in 2025— the impact of higher tariffs will be felt early in the year and there will be no temporary factors boosting growth. However, the recent announcement of a one-year "tariff truce" between the United States and China is expected to help reduce uncertainty in international markets and improve the outlook for global trade in 2026.

Trends in global goods trade flows by origin and destination from January to July 2025 indicate that a geographical reconfiguration of global value chains is under way, largely in response to the decoupling of trade between the United States and China that began in 2017. The economies of East Asia, South-East Asia and India play a central role in this reconfiguration, both as large consumer markets and as key export platforms for manufactured goods. Meanwhile, global trade in services remained buoyant in the first half of 2025, less affected than trade in goods by changes in the trade policies of major economies.

In the first half of 2025, the total value of trade in goods and services in Latin America and the Caribbean grew at year-on-year rates of 4% for exports and 7% for imports. Services trade outpaced trade in goods, both in exports (7% and 4%, respectively) and imports (8% and 6%, respectively). Growth in exports of modern services, in particular, was strong (13%). Exports of manufactured goods and agricultural products grew by 6%, while shipments from the mining and oil sector fell by 8%.

Prices for the region's main export commodities rose by an average of 1.7% year-on-year in the first eight months of 2025. The largest increase was in the minerals and metals group (8.4%), with double-digit growth in the prices of gold, silver and tin. Demand for minerals and metals has been driven by higher defence spending in Europe and, in the case of gold and silver, by financial and geopolitical factors. Agricultural product prices were up by an average of 4.8% year-on-year in the same period, with double-digit growth in soybean oil, beef and coffee. In contrast, banana, soybean and sugar prices recorded double-digit declines. Lastly, energy prices as a whole fell by 10% year-on-year in the first eight months of 2025.

For the full year, the price index of the region's export commodities is projected to edge up by 0.2%, with a sharp decline in the energy price index (11%), a 2.5% increase in agricultural products, and growth of 7.7% in minerals and metals. Meanwhile, the price index for a selection of products imported by the region is projected to fall by 2.6%, resulting in a net improvement in the terms of trade of around 1% for 2025.

Among the region's main trading partners, the United States and the European Union accounted for the greatest growth in exports in the first half of 2025, with year-on-year increases of 5%. The strong performance of exports to the United States is largely explained by the fact that United States companies frontloaded their purchases in anticipation of tariff hikes. Intraregional trade, which declined sharply from mid-2023 to the third quarter of 2024, began to pick up in December 2024. Whereas in the first half of 2024 intraregional trade contracted by 3% year-on-year, in the first half of 2025 it grew by 1%.

The region's goods exports are projected to grow by 5% in value terms in 2025, a similar increase to that recorded in 2024 (4.5%). This projected growth is on the back of a 4% increase in export volumes and a 1% rise in prices. Growth in imports is projected at 6%, owing to a 7% increase in volume terms and a 1% drop in prices. The projected growth in the volume of regional exports is explained mainly by higher shipment volumes from the Southern Common Market (MERCOSUR) countries and Mexico (6% and 4%, respectively). Among MERCOSUR countries, Argentina and Brazil recorded the highest growth in agricultural and agro-industrial goods. The projected increase of 1% in regional export prices is attributable to higher prices for certain metals (mainly gold, silver and copper) and certain agricultural and livestock products (coffee, cocoa, beef, fishmeal and fishery products).

The value of goods exports for 2025 is expected to increase in most countries of the region (see figure 1). The largest increases are projected for Guyana (38%) and Panama (36%), driven, respectively, by oil shipments and exports of copper inventories accumulated after the closure of the Cobre Panamá mine. Double-digit growth is also projected for exports from several Central American and Caribbean countries, fuelled by increases in volumes shipped, primarily to the United States. The only countries whose export values are expected to fall are Cuba and the Bolivarian Republic of Venezuela, by 7% and 9% respectively. In the former, the decline is owed mainly to smaller sugar cane harvests and falling nickel prices; in the latter, to low oil prices and shrinking volumes of oil exports.

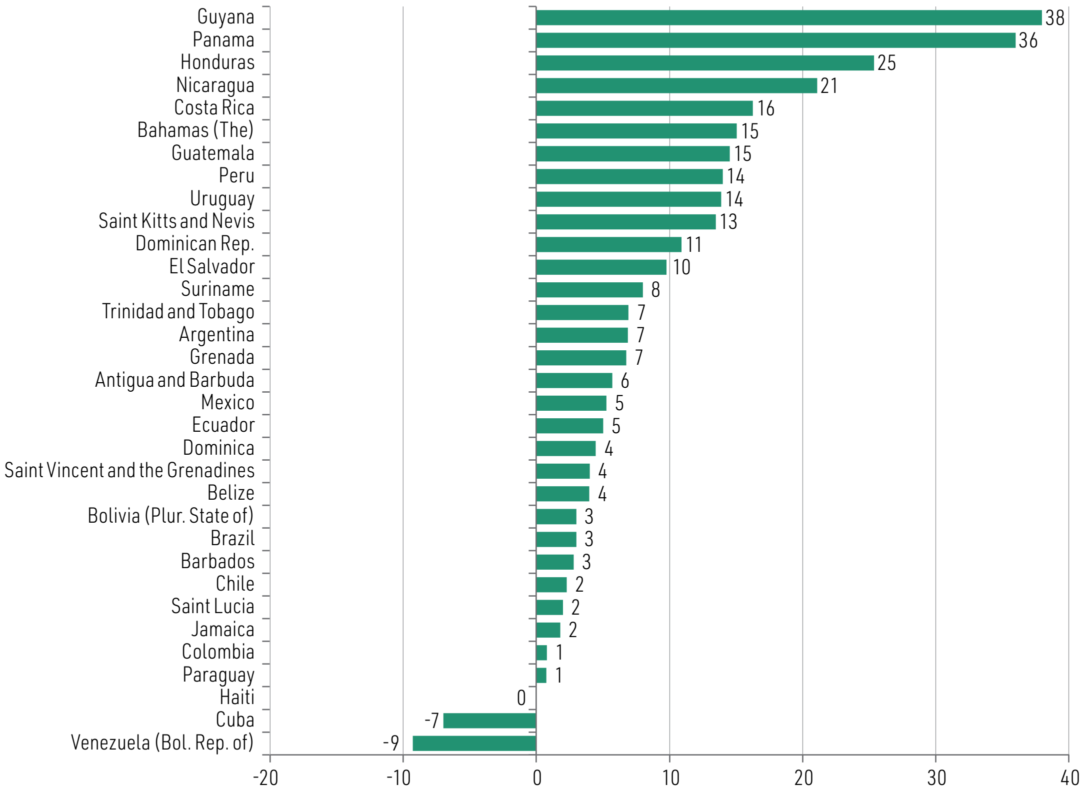
Among the region's main trading partners, China is expected to account for the largest growth in exports in 2025 (7%), mainly on the back of increased sales of meat and soybeans and higher prices for minerals such as copper. Shipments to the European Union are expected to grow by 6% and those to the United States by 5%. On the import side, purchases from China (13%) and the rest of Asia (18%) are projected to expand significantly. Intraregional trade is expected to grow by around 1%. With stronger growth projected for extraregional shipments relative to those within the region, the intraregional trade ratio is expected to decline slightly, from 14% to 13%. By sector, regional exports of manufactures are projected to increase by 7% in 2025 (driven mainly by shipments to the United States), and those of agricultural products by 5% (primarily as a result of demand from China). In contrast, shipments from the mining and oil sector are set to fall by 5%, dragged down by the drop in oil prices (see figure 2).

An 8% increase in the value of regional services exports is projected for 2025, down 1 percentage point from the growth registered in 2024, while service imports are projected to grow by 5%. These rates confirm the trend of a gradual slowdown in regional trade in services since 2023, as tourism activity has returned to normal following the sharp contraction recorded during the coronavirus disease (COVID-19) pandemic. Despite this, regional exports of services continue to outpace goods exports in value terms.

Figure 1

Latin America and the Caribbean (33 countries): projected variation in value of trade in goods, 2025

(Percentages)

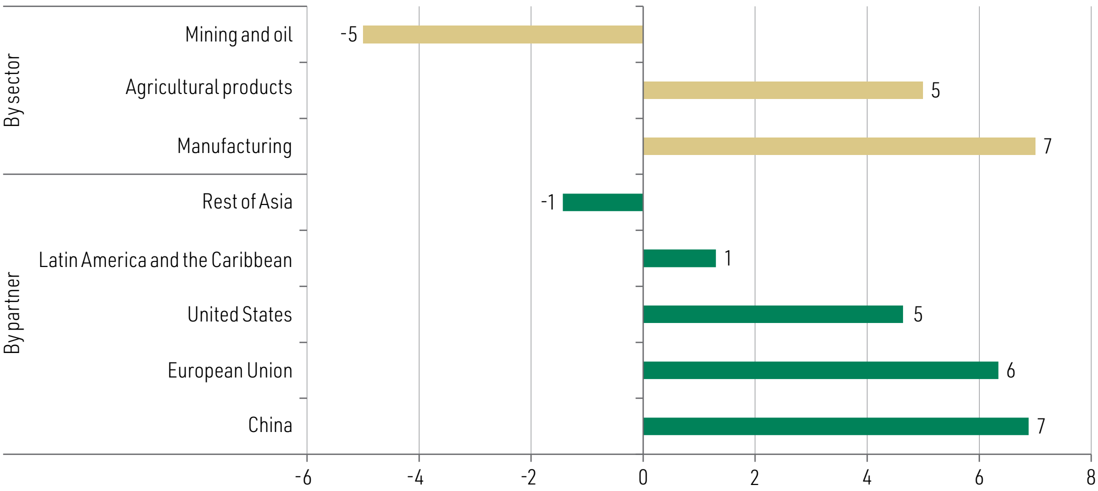


Source: Economic Commission for Latin America and the Caribbean, on the basis of official data from central banks, customs services and national statistical offices from the region.

Figure 2

Latin America and the Caribbean: projected change in the value of goods exports, by main trading partner and sector, 2025

(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of official data from central banks, customs services and national statistical offices from the region.

B. Latin America and the Caribbean and the new United States trade policy

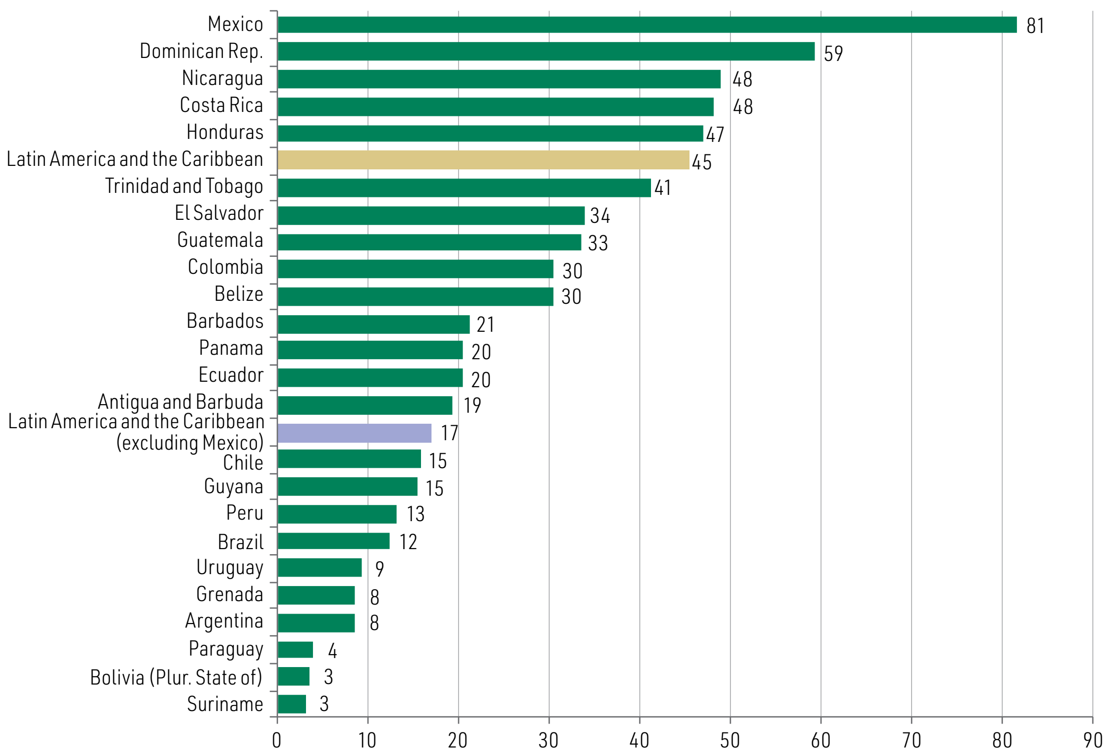
In 2024, goods trade between Latin America and the Caribbean and the United States amounted to US$1.07 trillion, almost triple the value recorded in 2000 in current terms. The United States remains the region's main trading partner, but its relative importance has declined over the last 24 years: its share of the region's total exports fell from 56% in 2000 to 44% in 2024, and its share of total imports from 46% to 28%. In contrast, the region's share of total goods exports from the United States increased from 22% in 2000 to 26% in 2024, while its share of total United States imports grew from 17% to 20% over the same period. Since 2000, the region has maintained a goods trade surplus with the United States, which, from 2009 onwards, has been driven in large part by Mexico's growing surplus.

The relative intensity of trade with the United States is much higher in the case of Mexico, Central America and the Caribbean than in South America (see figure 3). In 2024, the United States market accounted for more than 80% of total goods exports from Mexico, around 60% from the Dominican Republic and almost half of goods exports from Nicaragua, Costa Rica and Honduras. By contrast, the share of the United States as a destination for total exports of goods from most South American countries was no higher than 15%. Similarly, Mexico and Central American and Caribbean countries account for the largest share of total imports from the United States.

Figure 3

Latin America and the Caribbean (24 countries): United States share in total goods exports, 2024

(Percentages)

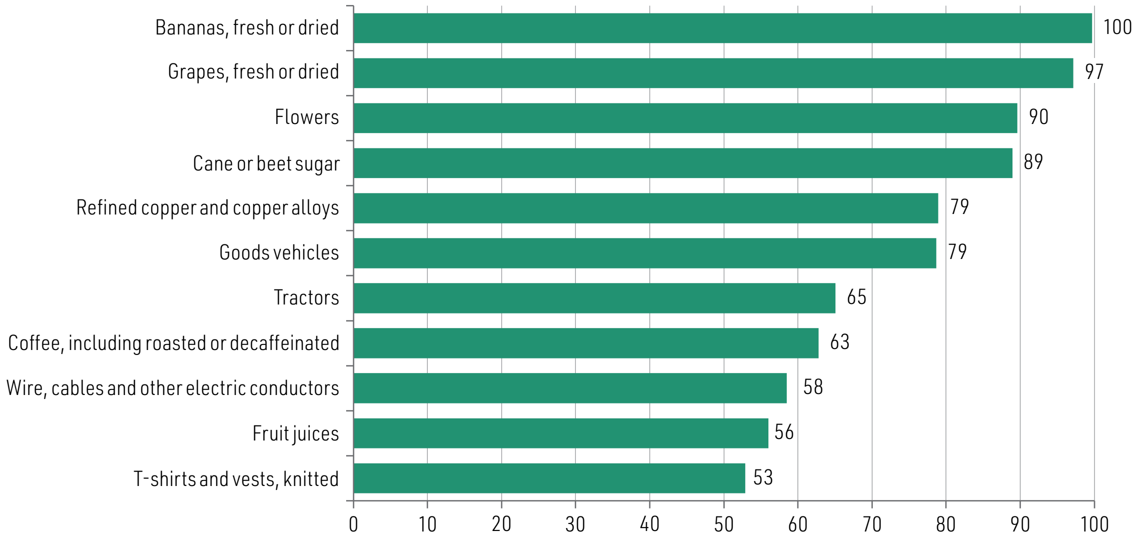


Source: Economic Commission for Latin America and the Caribbean, on the basis of United Nations, UN Comtrade Database. https://comtradeplus.un.org/.

The region's good trade with the United States is highly concentrated in Mexico, reflecting the latter's deep integration in the production networks of what has been termed "Factory North America". In 2024, Mexico accounted for 63% of exports from the United States to the region and 70% of services exports from the region to the United States. Brazil, Colombia, and Chile follow far behind in both of these trade flows. Mexico accounts for the lion's share of regional exports to the United States, particularly in the automotive and electronics sectors. When Mexico is excluded, the list of the main products exported by the region to the United States shifts from a markedly industrial profile to a commodities-based one.

Latin America and the Caribbean is a major supplier of both manufactures and natural resource-based products to the United States. The region accounts for more than 50% of that country's total imports of several products in both categories (see figure 4). With regard to manufactures, it accounts for a particularly large share of automotive imports. In 2024, for example, 79% of goods vehicle imports to the United States came from the region, as did 65% of tractor imports. Among agricultural and mining products, Latin America and the Caribbean was the source of almost all United States imports of bananas and grapes, about 90% of sugar and flowers, almost 80% of refined copper and more than 60% of coffee.

Figure 4
United States: share of Latin American and Caribbean countries in total imports of selected products, 2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of United Nations, UN Comtrade Database. https://comtradeplus.un.org/.

Meanwhile, the United States is a major market for the region's manufactures exports. In 2024, it accounted for more than 80% of the region's total exports of electrical machinery and equipment, and of optical and precision instruments, almost 80% of exports of non-electrical machinery and apparel, more than 75% of exports of vehicles and vehicle parts, roughly 60% of exports of iron and steel manufactures and of aircraft and aircraft parts, and more than 50% of plastics exports.

Trade in services between the United States and Latin America[1] amounted to US$ 213 billion in 2023. That year, Mexico accounted for 39% of services exports from the United States to the region and 50% of services exports from the region to the United States. After Mexico, the five top destinations of United States services exports to the region are all South American countries, including Brazil,

1 Latin America includes the countries of South and Central America, along with the Dominican Republic and Mexico. Official statistics published by the United States do not include disaggregated information for Caribbean countries.

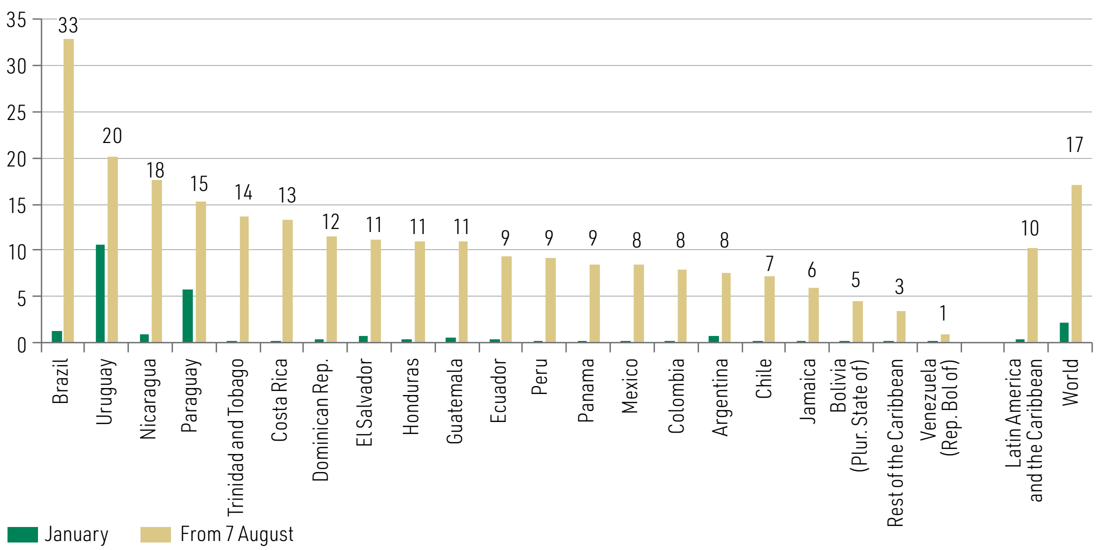
which accounts for a notable 22%. Meanwhile, the Dominican Republic is the region's second-largest exporter of services to the United States, after Mexico, accounting for 9% of that total. This stems mainly from the fact that both countries are popular tourist destinations for the United States population. The United States consistently records a surplus in services trade with the region. Disaggregating data by sector shows that that country records a surplus in modern services, while the region registers surpluses in transport and especially travel (tourism).

As a result of the various tariff hikes implemented by the United States since February 2025, Latin American and Caribbean countries face, on average, an effective tariff rate of roughly 10% on exports to that country, which is 7 percentage points lower than the average imposed globally (see figure 5). The highest average effective tariffs apply to Brazil (33%), followed by Uruguay (20%) and Nicaragua (18%). The corresponding rate for Mexico is 8%, as most of that country's exports are not subject to tariffs under the Agreement between the United States of America, the United Mexican States, and Canada (USMCA) or have been exempt from the hikes. The average tariffs levied on Argentina, Chile, Colombia and the Plurinational State of Bolivia, among other countries, are also lower than the regional average owing to the large share of their exports to the United States that are exempt from tariff hikes, such as tin, copper cathodes and oil. Overall, Latin American and Caribbean countries are subject to lower United States tariffs than several other trade partners of that country, especially in Asia. This creates opportunities for trade diversion in favour of the region's exports of clothing, medical devices and agro-industrial products, for example.

Figure 5

United States: tariffs levied on Latin American and Caribbean countries, weighted average, January 2025 and from August 2025

(Percentages)



Source: Economic Commission for Latin America and the Caribbean, on the basis of information from the Bureau of Economic Analysis of the United States Department of Commerce. https://www.bea.gov/data/intl-trade-investment/international-trade-goods-and-services; and official information from the White House.

Data indicate that the uncertainty generated by changes in United States trade policy is affecting foreign direct investment (FDI) flows to the region, especially in sectors that account for a large share of exports to that market. In the first half of 2025, FDI project announcements in the region amounted to US$ 31.374 billion, reflecting a 53% decrease year-on-year and a 37% decline compared with the 2015–2024 average.

The about-turn in United States trade policy in 2025 has transformed the terms under which trade relations were traditionally conducted between the region and that country, which in many cases, involved free trade based on legally binding agreements. Although in general, exports from the region to the United States are subject to lower tariffs than those imposed on most of its main competitors, this could change depending on trade balance trends or even factors beyond economics.

Against this backdrop, the governments of the region must avoid adopting reactive measures that can increase uncertainty. They must also develop a strategy aimed at stabilization and damage control in the short term, and transformation and diversification in the medium and long term. In the short run, strategies could include a combination of trade negotiations to improve access to the United States market with measures to support the industries most exposed to tariff hikes. In the medium and long run, initiatives taken to diversify trade relations can reduce future risks.

Strengthening trade relations with solid partners, such as China and the European Union, is crucial, as is the deepening of trade and economic ties with emerging partners, like India, the Association of Southeast Asian Nations, the Cooperation Council for the Arab States of the Gulf and the African Continental Free Trade Area. The market size and economic momentum of all these partners, along with the relatively low level of exports from the region to the corresponding countries at present, offers significant opportunities for future growth.

Along with diversification of trade relations with extraregional partners, strengthening of regional economic integration is a strategic course of action that is essential to increase the global competitiveness of Latin America and the Caribbean and reduce its exposure to a more uncertain and protectionist international environment. Intraregional trade accounts for just 14% of the region’s total exports, which is one of the lowest levels in the world. This represents a striking growth opportunity as, for most Latin American and Caribbean countries, the regional market is the top destination for manufacturing exports and accounts for the largest number of exporting companies (especially micro-, small and medium-sized enterprises (MSMEs)). With a view to increasing this share, it is imperative to achieve progress through coordination of efforts on trade facilitation, regulatory convergence and the creation of multinational logistics corridors such as those being developed jointly by several South American countries.

C. Technology intensity and advanced human capital intensity of goods and services exports from Latin America and the Caribbean

The production and export of high-technology or human capital-intensive goods and services is key to drive productivity and competitiveness and move up the value chain. High-technology goods production has a multiplier effect on economic growth and skilled job creation. The same attributes apply to trade in services, in particular modern services, which are knowledge-intensive and could increasingly drive productive and export momentum.

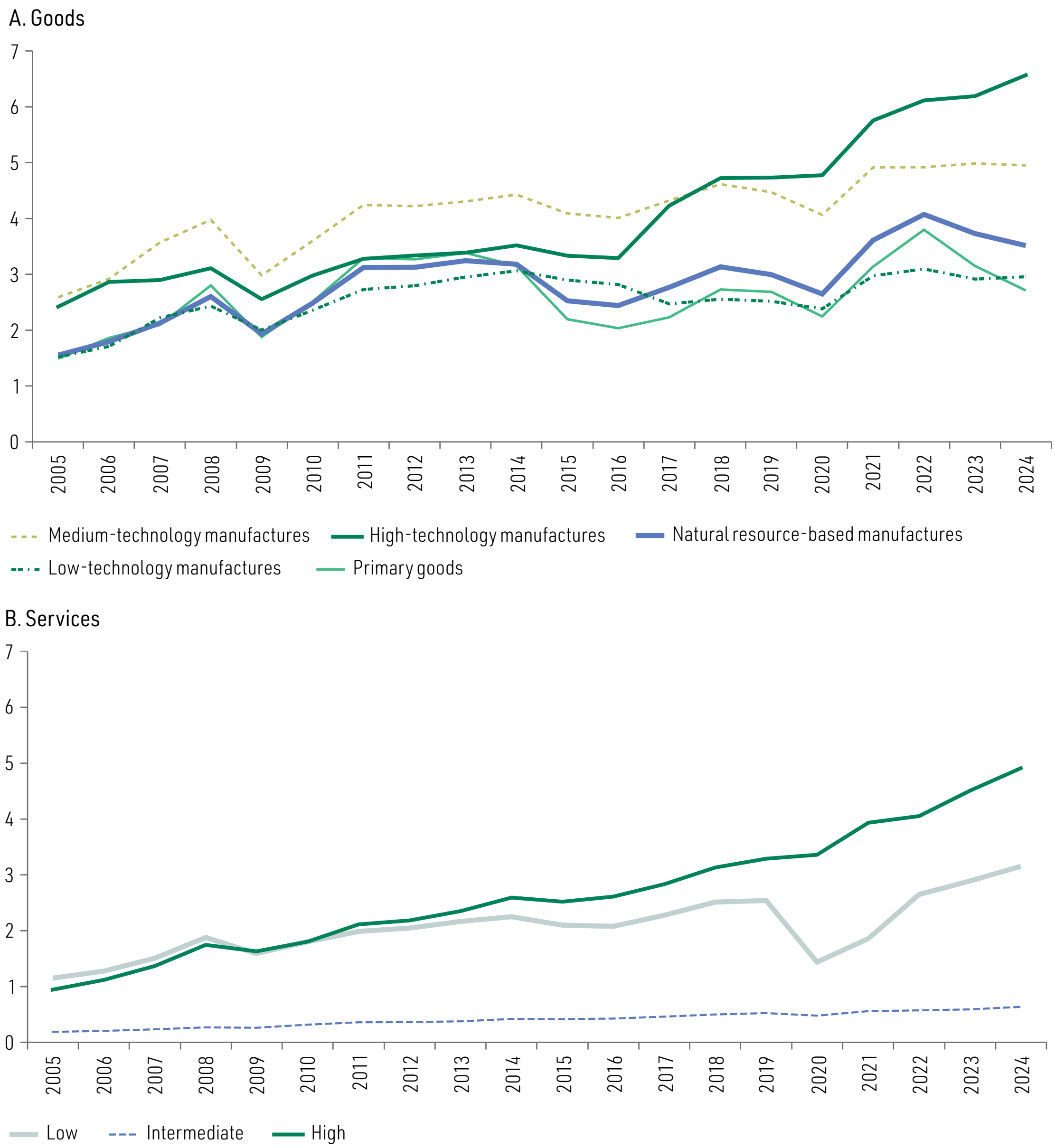
In Latin America and the Caribbean, building an export structure oriented towards greater technological content is essential to boost growth and competitiveness. Developing trade in this type of productive segment would not only open up access to new and more dynamic markets, but also to cutting-edge technologies and innovative knowledge. Increased internationalization of these sectors could also help to overcome the trap of low capacity for growth facing the region.

The information available confirms the increasing importance of these types of goods and services in international trade. Worldwide, the strongest momentum in goods trade was seen in the high technology segment. Between 2005 and 2024, exports in this category grew by 5.4% per year on average, which was higher than the average rate for all goods combined (4.1%) (see figure 6). In trade in services, highly skilled services recorded the strongest momentum. These grew by 9.1% per year on average over the same period, almost 3 percentage points higher than the average for all services (6.5%). In terms of value, global high-technology goods exports increased by 2.7 times between 2005 and 2024, while exports of highly skilled services grew by 5 times.

Figure 6

Global goods and services exports, by technology intensity and human capital intensity, 2005–2024

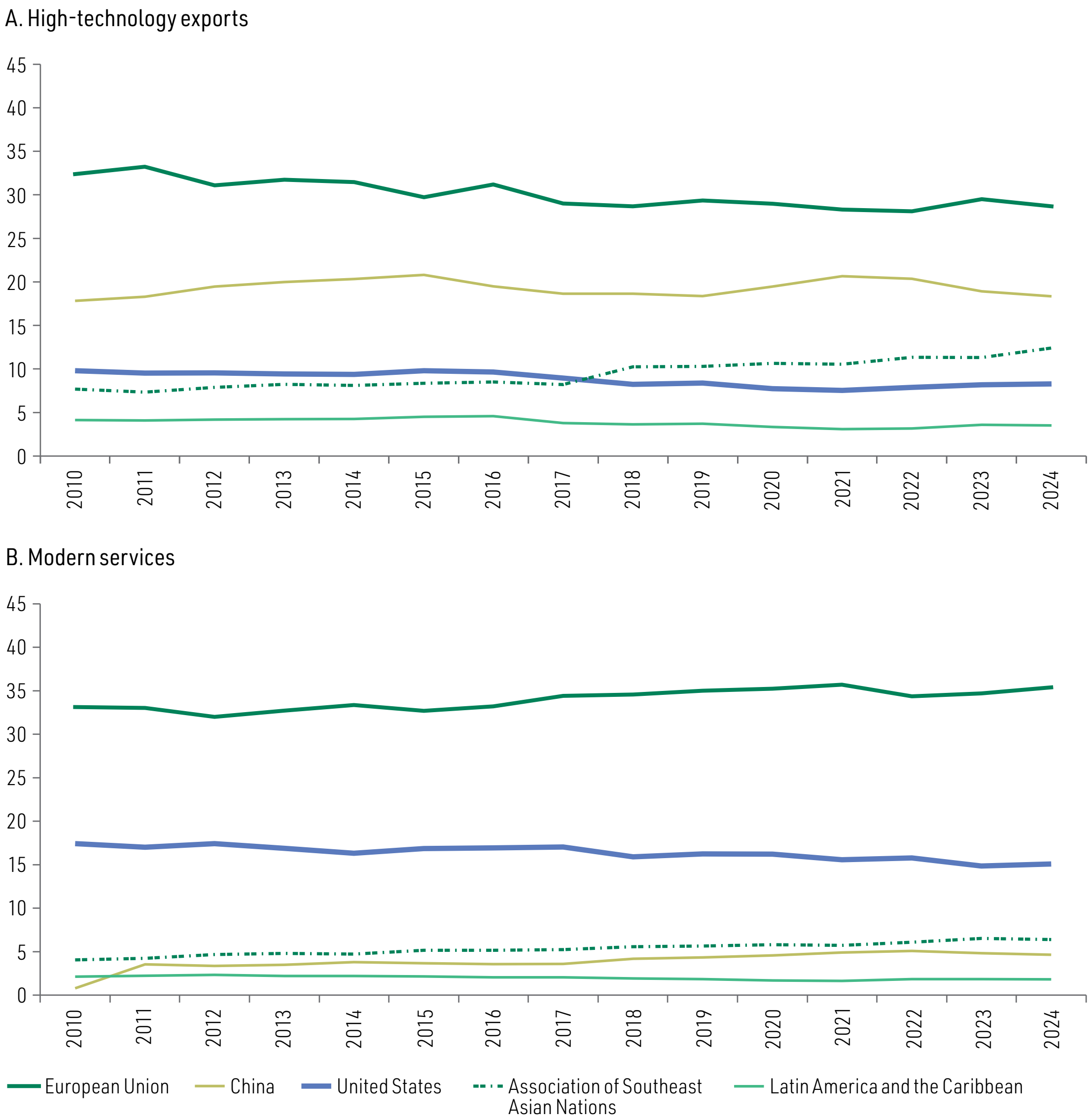
(Trillions of dollars)



Source: Economic Commission for Latin America and the Caribbean, on the basis of United Nations, UN Comtrade Database. https://comtradeplus.un.org/.

China is the top exporter of high-technology goods, while the United States is the top exporter of modern services. However, while China's share of global good exports in this category has remained solid at around 19% in the past 15 years, the United States is no longer the leader in global exports of either modern services or high-technology goods. As a bloc, the European Union remains the world's top exporter of advanced goods and services, accounting for 29% and 35% of total exports, respectively. In contrast, Latin America and the Caribbean lags far behind, representing less than 5% of total exports, in both cases (see figure 7).

Figure 7
Selected groupings and countries: share in global exports of high-technology goods and modern services, 2010–2024
(Percentages)

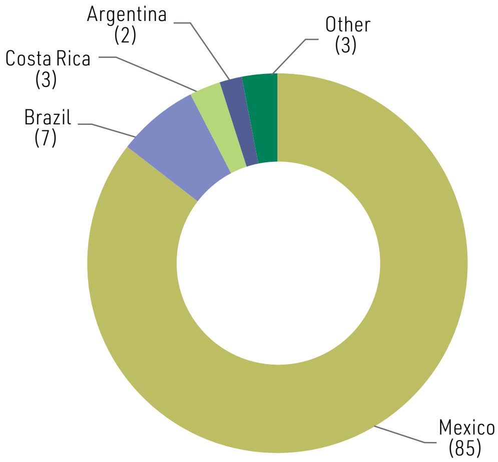


Source: Economic Commission for Latin America and the Caribbean, on the basis of United Nations, UN Comtrade Database. https://comtradeplus.un.org/.

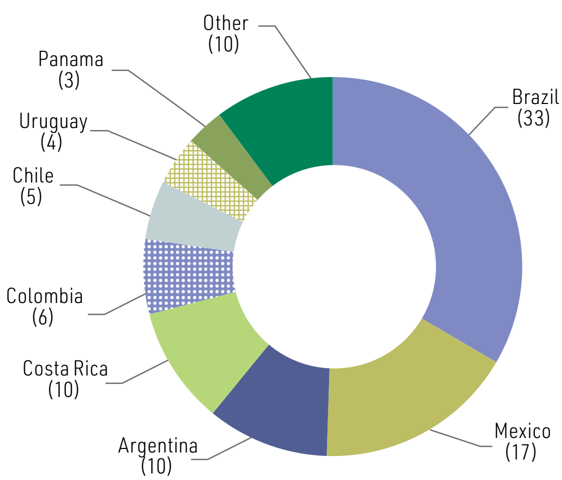
In recent decades, Mexico has solidified its position as the leading exporter of high-technology manufactures in Latin America and the Caribbean, increasing its share in regional exports to 85% in 2024. Meanwhile, Brazil has lost market share, accounting for 7% of total exports of these manufactures that same year. The shares of other countries of the region remain very small. However, with regard to regional exports of modern services, the situation is reversed, with Brazil occupying the top spot (33%), followed by Mexico (17%). The most notable change is the rise of Costa Rica, which in 2024 accounted for 10%, the same as Argentina (see figure 8).

Figure 8
Latin America and the Caribbean: distribution of exports of high-technology manufactures and modern services, by country, 2024
(Percentages)

A. High-technology manufactures



B. Modern services



Source: Economic Commission for Latin America and the Caribbean, on the basis of United Nations, UN Comtrade Database. https://comtradeplus.un.org/ and United Nations Conference on Trade and Development. (n.d.). *UNCTADstat*. https://unctad.org/statistics.

Estimates of the intensity of human capital employed in each export sector in 15 Latin American countries show that modern services employ the most highly skilled workers. These account for more than 50% of the workforce in insurance and pension services, as well as in business services, and for more than 40% of financial services workers. In contrast, the goods sectors with the highest proportion of low-skilled workers are agriculture, forestry, hunting and fishing; textiles, apparel, leather and footwear; non-metallic minerals and other manufactures. Meanwhile, the services sectors with the most low-skilled workers are construction and tourism.

To sum up, Latin America and the Caribbean plays a limited role in global trade of high-technology goods and modern services. The region's share in both segments indicates emerging opportunities, but also a lack of productive, technological and human capital capacities. However, against the current backdrop of redefined globalization and reconfigured value chains, there are opportunities for the region to reposition itself in global trade in knowledge-based goods and services. This geographical relocation could favour countries that develop active productive development policies, strengthen technological capacities and offer a stable institutional framework. The governments of the region must also close the gaps in their capacity to implement these policies. To that end, the technical, operational, political and prospective (TOPP) institutional capabilities approach would allow them to develop the competencies needed to find and implement comprehensive solutions suited to each reality.

Human ties and trade, elements that have shaped the development of the region.

Bas-relief on the spiral tower at ECLAC headquarters in Santiago.

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This edition of the *International Trade Outlook for Latin America and the Caribbean* analyses the sea change in United States trade policy in 2025, which is set against the backdrop of the weaponized interdependence occurring in the wider global economy. Although its impact on global and regional trade in 2025 has not been as pronounced as anticipated at the beginning of the year, projections for 2026 point to a marked slowdown. In general, exports from the region to the United States are subject to lower tariffs than those imposed on most of its main competitors, but this could change depending on trade balance trends or even factors beyond economics. In this context, the governments of the region should diversify trade relations and strengthen regional economic integration.

This edition also examines the region's low share of global exports of high-technology goods and human capital-intensive services. To increase that share, productive policies and factors of production (science and technology, digital transformation, human talent, among others) are essential, as is closing the gaps in technical, operative, political and prospective capabilities of institutions in the countries of the region.

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